4/17/78

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
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Memo	J. Schlesinger to Pres. Carter, 5 pp., re:Saudi oil production	4/17/78	A
Memo	David Rubenstein to Tim Kraft, 1 pg.,	4/17/78	С
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RESTRICTION CODES

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THE PRESIDENT'S SCHEDULE

Monday - April 17, 1978

CAMP DAV	ID
CHITE DAY	٧.

- 7:30 BREAFKAST BUFFET with the Cabinet Laurel Lodge.
- 8:45 Cabinet Meeting Laurel Lodge.

- 11:15 Depart Camp David via Helicopter en route White House.
- 11:50 Arrive South Grounds.
- 12:30 Lunch with Vice President Walter F. Mondale.
 The Oval Office.
- 2:00 Announcement of Ad Hoc Committee on Tax Reform. (10 min.) (Mr. Landon Butler) The Cabinet Room.

THE WHITE HOUSE WASHINGTON April 17, 1978

Stripping -

The attached was returned from the President today. Please process.

Rick Hutcheson





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

APR 1 3 1978

Rf

MEMORANDUM FOR THE PRESIDENT

FROM:

Jim McIntyre

SUBJECT:

Letter of Appreciation

The attached letter to Dwight Ink is recommended for your signature in recognition of his outstanding work as Executive Director of the Federal Personnel Management Project -- the task force that developed our civil service reform and reorganization package.

During the course of this assignment, Dwight became ill. Even though bedridden, he continued to provide leadership to the task force. However, he was unable to participate in any of the project briefings with you. A personal note from you would be very meaningful to him.

Scotty Campbell joins me in this recommendation.

Attachment

THE WHITE HOUSE WASHINGTON
April 17, 1978

To Director Dwight Ink

The recommendations that you developed as Executive Director of the Federal Personnel Management Project formed the basis for our civil service reform and reorganization proposals.

I want to thank you for leading and accomplishing the most fundamental and comprehensive review of Federal personnel management ever undertaken. You have continued your record of service to the nation with distinction and I am personally grateful to you.

Sincerely,

Timmy

The Honorable Dwight Ink
Director
Office of Sponsored Research
and Continuing Education
The American University
Washington, D.C. 20016

TAX REFORM STATEMENT APRIL 17, 1978

MILLIONS OF OUR CITIZENS ARE PAYING THEIR TAXES TODAY. THEY'RE WONDERING, AS THEY DO EVERY YEAR AT THIS TIME, WHY THE TAX SYSTEM HAS TO BE SO COMPLICATED AND WHY THE TAX BURDEN CAN'T BE SHARED FAIRLY BY ALL OUR CITIZENS AND ALL OUR BUSINESSES.

THE HARDEST THING ABOUT TAX REFORM
IS THAT CONGRESS AND THE PRESIDENT RARELY
HEAR FROM THE OVERWHELMING MAJORITY OF
TAXPAYERS WHO HAVE NO SPECIAL LOOPHOLES
TO PROTECT, AND WHO JUST WANT THEIR TAX
SYSTEM TO BE SIMPLER AND FAIRER.

THE LOUDEST VOICES ARE VICTATELY FROM
THE RELATIVELY SMALL MINORITY WHO ARE
AGAINST TAX REFORM -- WHO HAVE THE
FINANCIAL RESOURCES TO ORGANIZE AND
APPLY TREMENDOUS

Medical Copy Medical Copy (Medical Copy)

PAGE 2

THE SPECIAL PREFERENCES AND SUBSIDIES THEY'VE CARVED OUT OF THE TAX CODE.

TOO OFTEN, THE RESULT IS THAT THE AVERAGE WORKING WAN AND MIDDLE INCOME FAMILY WIND UP FOOTING THE BILL. PAY HIGHER TAXES BECAUSE THE TAX CODE ALLOWS A SMALL NUMBER OF CITIZENS TO CHARGE OFF THEIR HIGH-PRICED MEALS. THEIR THEATER AND BALL GAME TICKETS, AND THEIR COUNTRY CLUB DUES TO THE TAXPAYERS. SOME PEOPLE WRITE OFF MORE FOR THEIR MEALS AND ENTERTAINMENT THAN MANY HARD-WORKING AMERICANS EARN AND PAY TAXES ON.

LOW AND MIDDLE INCOME FAMILIES

PAY HIGHER TAXES BECAUSE THE TAX CODE

ALLOWS OUR LARGEST MULTINATIONAL CORPOR
ATIONS SPECIAL TAX BREAKS FOR THEIR EXPORTS

AND FOR THEIR FOREIGN OPERATIONS.

THERE IS NO WAY YOU CAN EXPLAIN TO THE AVERAGE TAXPAYER WHY HE SHOULD PAY HIGHER TAXES TO HELP PAY FOR SOMEONE ELSE'S ENTERTAINMENT. OR WHY HE SHOULD PAY HIGHER TAXES TO HELP OUR LARGEST COMPANIES MAKE INVESTMENTS AND CREATE JOBS IN FOREIGN COUNTRIES WHEN AMERICAN WORKERS NEED THOSE JOBS HERE. THERE IS NO WAY BECAUSE THESE TAX LOOPHOLES ARE WRONG. AND GETTING RID OF THEM IS WHAT MY TAX REFORM PROGRAM IS ALL ABOUT.

A CONGRESSIONAL COMMITTEE

A CONGRESSIONAL COMMITTEE BEGINS VOTING ON MY TAX REFORM PROPOSALS TODAY. WE NEED THE TAX REFORMS BECAUSE THEY ARE RIGHT AND BECAUSE THEY HELP PAY FOR THE TAX CUTS WE WANT FOR LOW AND MIDDLE INCOME FAMILIES. THE AVERAGE FAMILY MAKING BETWEEN \$10,000 AND \$30,000 WILL GET A TAX CUT OF ROUGHLY \$300 UNDER OUR PROGRAM. BUT THE TAX CUTS WON'T BE THERE WITHOUT THE TAX REFORMS. WITHOUT THE REFORMS, WE'LL EITHER HAVE A BIGGER DEFICIT OR SMALLER TAX CUTS FOR THE MAJORITY OF TAXPAYERS.

BUT TAX REFORM GOES BEYOND JUST ECONOMICS. THE TAX CODE PROBABLY TOUCHES THE LIVES OF MORE AMERICANS THAN ANY OTHER BODY OF FEDERAL LAW. A GOVERNMENT THAT EXPECTS TO KEEP THE TRUST OF ITS CITIZENS

MUST HAVE A TAX SYSTEM THEY CAN TRUST.

SO WHEN WE ARE TALKING ABOUT TAX REFORM,
WE ARE NOT JUST TALKING ABOUT DOLLARS
AND CENTS, WE ARE TALKING ABOUT PUBLIC
TRUST AND CONFIDENCE IN THE RESPONSIVENESS
AND FAIRNESS OF OUR NATIONAL INSTITUTIONS.

I READ IN THE NEWSPAPERS THAT THERE IS "NO ENTHUSIASM" IN WASHINGTON FOR TAX REFORM. WELL I CAN TELL YOU ONE THING: THERE IS ENTHUSIASM IN THE WHITE HOUSE, AND THERE IS ENTHUSIASM AMONG THE PEOPLE WHO FOOT THE BILL.

I PREDICT THAT IF WE IN WASHINGTON
LET THE COUNTRY DOWN ON TAX REFORM
THIS YEAR, THERE ARE GOING TO BE SOME
ENTHUSIASTIC TAXPAYERS ASKING WHY.

WE MAY NOT GET IT ALL DONE
THIS YEAR, BUT IF WE DON'T, WE'RE GOING
TO BE BACK AGAIN NEXT YEAR, AND THE
YEAR AFTER THAT, AND EVERY YEAR SO
LONG AS I OCCUPY THIS OFFICE.

OF THE AVERAGE HARD-WORKING AMERICAN
WERE HEARD JUST AS LOUDLY IN WASHINGTON
AS THE SPECIAL PLEADINGS OF THE SPECIAL
INTERESTS. I INTEND TO USE EVERY
LEGITIMATE MEANS AT MY DISPOSAL TO SEE
THAT THE WELFARE OF THE PUBLIC IS
PROTECTED, AND THEIR VOICE IS HEARD
ON THIS SIDE OF THE POTOMAC.



FOR THE PRESIDENT AND MRS. CARTER

FROM GRETCHEN POSTON

DATE: 7 April 1978

SUBJECT: CONCERT - COUNTRY MUSIC ASSOCIATION

17 April 1978

Please find attached the scenario for the function indicated above.

WASHINGTON

MEMORANDUM FOR THE PRESIDENT AND MRS. CARTER

FROM GRETCHEN POSTON

Sp

DATE: 7 April 1978

SUBJECT: CONCERT - COUNTRY MUSIC ASSOCIATION

17 April 1978 7:30 - 10:00 P.M.

State floor

7:30 P.M. All Guests arrive Southwest Gate (admit cards) to Diplomatic Entrance. Proceed to State floor for receiving line.

The PRESIDENT and MRS. CARTER arrive State floor and take up positions under Presidential Seal for receiving line.

U.S.M.C Quartet/piano in Main Hall.

At conclusion of receiving line, quests are seated in East Room.

The PRESIDENT and MRS. CARTER are announced into East Room.

The PRESIDENT introduces entertainers and program.

8:00 P.M. One hour concert.

9:00 P.M. All quests depart East Room for buffet.

Buffet service in State Dining Room. Additional table set up in Main Hall.

6-8 small tables set up in Main Hall for guests.

10:00 P.M. All quests depart Residence via Southwest Gate.

5:00 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 14, 1978

MEETING AND TAX REFORM STATEMENT

Monday, April 17, 1978 5:00 p.m. (10 minutes)

The Roosevelt Room and The Rress Room

From:

Landon But1

Steve Selig

I. PURPOSE

To meet with and thank the Steering Committee of the newly-formed ad hoc citizens group known as "Citizens for Tax Reform in 1978" in the Roosevelt Room, and to then make a brief hard-hitting statement on tax reform in the Press Room. As you know, April 17 is the deadline for the filing of income tax returns. It is also the date on which the House Ways and Means Committee will begin marking up your tax proposals.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- Background: "Citizens for Tax Reform in 1978" organized Α. following the tax reform breakfast on April 6. The group presently consists of leaders from business, labor, women's groups, Blacks, senior citizens, Hispanics and consumer organizations. John McMillian, Chairman and Chief Executive Officer of the Northwest Energy Company and a resident of Salt Lake City, is the Chairman of the Committee. The group will be meeting prior to your entrance with members of Treasury and Congressional Liaison. Secretary Blumenthal may be at the meeting. When you enter the Roosevelt Room, John McMillian will formally announce to you the formation of the Committee and make a 30-second statement of support. Since you will be making your main statement on tax reform in the Press Room, you should then merely thank the Committee for their support at which time the press will leave. may then want to make some general comments regarding your commitment to tax reform and agree to answer a couple of questions. Following the meeting, the Committee will issue a press release as to its formation and participants.
- B. <u>Participants:</u> See Attached
- C. Press Plan: White House Photo and Press Pool coverage for your initial thank-you statement to the group. Press to leave when question and answer session begins.

III. TALKING POINTS

Your statement for use in the Press Room is attached.

APRIL 17, 1978

Millions of our citizens are paying their taxes to-day. They're wondering, as they do every year at this time, why the tax system has to be so complicated and why the tax burden can't be shared fairly by all our citizens and all our businesses.

The hardest thing about tax reform is that Congress and the President rarely hear from the overwhelming majority of taxpayers who have no special loopholes to protect and who just want their tax system to be simpler and fairer. The loudest voices are usually from the relatively small minority who are against tax reform—who have the financial resources to organize and apply tremendous pressure to protect the special preferences and subsidies they've carved out of the tax code.

Too often, the result is that the average working man and middle income family wind up footing the bill. They pay higher taxes because the tax code allows a small number of citizens to charge off their high-priced meals, their theater and ball game tickets, and even their country club dues to the

average taxpayer. Some people write off more for their meals and entertainment than many hard-working Americans earn and pay taxes on.

Low and middle income families pay <u>higher taxes</u> because the tax code allows our largest multinational corporations special tax breaks for their exports and for their foreign operations.

There is no way you can explain to the average taxpayer why he should pay higher taxes to help pay for someone else's entertainment. Or why he should pay higher taxes to help our largest companies make investments and create jobs in foreign countries when American workers need those jobs here. There is no way because these tax loopholes are wrong. And getting rid of them is what my tax reform program is all about.

A Congressional Committee begins voting on my tax reform proposals today. We need the tax reforms because they are right and because they help pay for the tax cuts we want for low and middle income families. The average family making between \$10,000 and \$30,000 will get a tax cut of roughly \$300 under our program. But the tax cuts won't be there without the tax reforms. Without the reforms, we'll either have a bigger deficit or smaller tax cuts for the majority of taxpayers.

But tax reform goes beyond just economics. The tax code probably touches the lives of more Americans than any other body of Federal law. A government that expects to keep the trust of its citizens must have a tax system they can trust. So when we are talking about tax reform, we are not just talking about dollars and cents; we are talking about public trust and confidence in the responsiveness and fairness of our national institutions.

Tax reform is a tough battle. The organized interests are strong. I need the support of all the citizens in our country who care about the fairness of our laws.

So does Congress. With that support, we can really get tax reform in this country.

THE WHITE HOUSE WASHINGTON

April 14, 1978

John McMillian North West Energy Company

James Low American Society of Association Executives

Howard Paster UAW

Robert Brandon
Tax Reform Research Group

Dona O'Bannon National Association of Women Business Owners

Sheldon Cohen Arlen Realty and Development Company

Rudolph Danstedt National Council of Senior Citizens

Eugene Baker National Association of Black Manufacturers

John Ryor NEA

Lee Kling Landmark Bankshares

Mark J. Millard
Loeb, Rhoades, Hornblower & Company

Hall H. Sisson CWA

Leon Shull
Americans for Democratic Action

Tom Reese Taxation with Representation

WASHINGTON

Kathleen O'Riley
Consumer Federation of America

Hyman Bookbinder
American Jewish Committee

Loyd Hackler American Retail Federation

Marne Obernauer The Devon Group

Jerri Wagner General Federation of Women's Clubs

Robert Harmon NEA

Aaron Henry National Center for the Black Aged

Lawrence C. Merthan Carpet & Rug Institute

Frank Fitzgerald
Octor Society of Packaging and Handling Engineers

James Stormes, SJ Jesuit Social Ministries

Dovey Roundtree National Council of Negro Women

Robert Douglass Maryland State Senator

Sarah Austin National Urban Coalitiona

April 17, 1978

Frank Moore

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Hamilton Jordan Jim Gammill

TVA

THE WHITE HOUSE WASHINGTON

FOR STAFFING
FOR INFORMATION

FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY

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WASHINGTON

4/17/78

Mr. President:

Hamilton and Jim Gammill agree with Sen. Stennis that the TVA appointments will be important and high profile.

The Presidential Personnel Office is working with CEQ, Energy, Interior and TVA to find appropriate candidates.

Rick

المنتواف التقلقا استرخطت المالك

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

April 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

One item that Senator Stennis brought up with me in a meeting last week was his concern for TVA. He says you will have two appointments coming up (you have already had one), and you will set the course for this agency for the next 40-50 years by your appointments. He thinks it is so important that you should set up a search team to canvass the whole United States for the best possible people to appoint to this agency. He says it should not be viewed as a parochial regional appointment--that Mississippi, Kentucky and Tennessee should not think that they have a claim on it. He feels that you should canvass for an appointee for this agency just as you would for the head of NASA, the National Science Foundation, or any other national scientific demonstration-type project. He thinks TVA should be the model for other public and private utilities.

He woul Like A telephone Consequenting on Jordan Jan on The Subvient

Hamilton Jordan CC:

Jim Gammill

WASHINGTON

DATE:

11 APR 78

FOR ACTION: JIM GAMMILL

numo to 17 bled

INFO ONLY: HAMILTON JORDAN

SUBJECT: MOORE MEMO RE APPOINTMENTS TO TVA

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY:

ACTION REQUESTED: IMMEDIATE TURNAROUND IS REQUESTED

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

eques to prope span ing ext prop mine THE WHITE HOUSE WASHINGTON April 17, 1978

Jim McIntyre

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Stu Bizenstat Secretary Schlesinger

NATIONAL ENERGY PLAN LEGISLATION

THE WHITE HOUSE WASHINGTON

FOR STAFFING FOR INFORMATION

FROM PRESIDENT'S OUTBOX

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THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503



APR 1 3 1978

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM McINTYRE

SUBJECT:

National Energy Plan (NEP) Legislation

Jim Schlesinger's memorandum on a Congressional Strategy was quite encouraging with regard to progress toward enactment. In reflecting on the memo, I'd like to offer the following suggestions.

As negotiations proceed, it will be essential to closely control any and all compromises we make affecting the budget especially with regard to tax credits. The comprehensive memo sent to you in January recommending Administration positions for all the taxes and tax credits in the NEP legislation should serve as the Administration's position at this time. You may recall that the recommended positions in the January memo resulted in a \$25 billion deficit for the period FY 78-85. As further concessions are considered, such as the one mentioned in Jim Schlesinger's memo that Senator Durkin "only wanted the full heating oil tax credit as the price for his support" for the natural gas compromise, we must carefully evaluate the consequences for the budget. The heating oil tax credit which Senator Durkin is seeking is estimated to cost \$6.2 billion for FY 78-85.

I therefore urge that for each concession we carefully assess its budget impact as a separate item as well as on a cumulative basis for the overall bill.

10	Agree - set up process	to do this.	A
	Disagree		
/	See me		

If I can be of any further assistance, please advise.

WASHINGTON

DATE: 17 APR 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT STU EIZENSTAT

HAMILTON JORDAN

FRANK MOORE

JACK WATSON

CHARLIE SCHULTZE

SECRETARY SCHLESINGER

SUBJECT: MCINTYRE MEMO RE NATIONAL ENERGY PLAN LEGISLATION

- + RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
- + BY:

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE WASHINGTON

Apri 17, 1978

Secretary Schlesinger

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Stu Eizenstat Bob Lipshutz

RE: CONGRESSIONAL VETO PROVISIONS OF DOE AUTHORIZATION ACT

WASHINGTON

April 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM

STU EIZENSTAT KITTY SCHIRMER Sh

SUBJECT

CONGRESSIONAL VETO PROVISIONS OF DOE

AUTHORIZATION ACT

The Department of Energy Authorization Act, which you signed into law on February 25, 1978, contained two "one-house veto" provisions. Both of these provisions, however, contain alternative means of obtaining Congressional approval of an Administration action which are constitutional. In its memorandum commenting upon the enrolled bill, the Justice Department recommended a formal communication from you to Jim Schlesinger advising that:

- -- you believe these two provisions to be unconstitutional, and;
- -- directing the Department to submit either a bill or a joint resolution to Congress in any instance where the statute requires Congressional approval of an action (either through a one House veto or through a constitutional mechanism).

A formal directive from you to Jim Schlesinger is attached for your signature. It is based upon the original language recommended by the Justice Department, but amended to reflect comments from Jim Schlesinger. Both Jim and the Justice Department have approved of the attached draft.

Recommendation

That you sign the attached memorandum to the Secretary of Energy.

WASHINGTON

April 17, 1978

MEMORANDUM FOR THE SECRETARY OF ENERGY

I have serious reservations concerning the constitutionality of certain provisions of Sections 107 and 207 of the "Department of Energy Act of 1978 --Civilian Applications", which I signed into law on February 25, 1978. Those provisions give you the power to negotiate certain types of loan quarantee agreements or to use appropriated funds to accept foreign spent nuclear fuel, but also require you to secure the approval of Congress prior to making such agreements final or to obligating funds for receipt of foreign spent fuel. I believe those provisions are unconstitutional to the extent that they permit subsequent congressional approval by other than legislation subject to my veto power under Article I, Section 7, of the Constitution. Where such approval is required, I hereby direct you to submit legislation, either a bill or a joint resolution, to obtain it.

Timmy Carter

WASHINGTON

DATE: 12 APR 78

FOR ACTION: BOB LIPSHUTZ

FRANK MOORE (LES FRANCIS)

INFO ONLY:

EIZENSTAT MEMO RE CONGRESSIONAL VETO PROVISIONS OF DOE SUBJECT: AUTHORIZATION ACT

TO RICK HUTCHESON STAFF SECRETARY (456-7052) + RESPONSE DU BY: 1000 AM FRIDAY 14 APR 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: 1 I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Voylawa -

April 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT

KITTY SCHIRMER

SUBJECT CONGRESSIONAL VETO PROVISIONS OF DOE

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WASHINGTON

MEMORANDUM FOR

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

April 17, 1978

MEETING WITH SENATOR S. I. HAYAKAWA (Sam)

Monday, April 17, 1978

4:00 p.m. (15 minutes)

The Oval Office

From: Frank Moore

I. PURPOSE

To discuss the Panama Canal Treaties and the concerns raised in the Senator's letter to you of April 13, 1978.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: We still believe Senator Hayakawa's intention in sending you the letter was to mollify his conservative critics. He was treated very roughly by the press at his news conference Friday, many of whom saw the letter as a phony political stunt and said as much. Our only fear is that Hayakawa may now feel constrained to oppose the Treaty in order to give validity to his letter and press conference.

Senator Baker and his staff still feel reasonably certain that Hayakawa will vote for the second Treaty.

- B. <u>Participants</u>: The President, Senator Hayakawa, Dr. Brzezinski, Frank Moore and Bob Thomson.
- C. Press Plan: White House Photo only.

III. TALKING POINTS

1. We have attached another copy of Senator Hayakawa's letter. He will no doubt expect you to discuss at least some of the points raised there. However, we suggest you spend as much time as possible talking about Panama, while allowing the Senator to briefly make his points about other foreign policy issues.

- 2. We have attached a clipping from the Los Angeles Times that indicates the pressure exerted on the Senator by the right wing. You should tell him that you appreciate his support thus far and need his continued support for the second Treaty.
- 3. This meeting has been billed as a get-acquainted session, since you have never met with Hayakawa, one-on-one. At the close of the meeting, you should indicate to him your hope that the two of you can talk more regularly in the future.

IV. ADDITIONAL INFORMATION

Senator Hayakawa is a member of the following committees: Committee on Energy and Natural Resources - Ranking Minority Member

Committee on Finance Committee on Veteran's affairs

The Senator is married and his wife's name is Margedant (Marge)

GENE PRAT

United States Senate

AGRICULTURE, NUTRITION.
AND FORESTRY
HUMAN RESOURCES

COMMITTEES:

BUDGET

WASHINGTON, D.C. 20510

April 13, 1978

The President
The White House
Washington, D.C.

My Dear Mr. President:

Believing as I do in bipartisanship in foreign affairs and believing also that the Panama Canal treaty of 1903 is hopelessly out of date, I have up to now faithfully supported the Canal treaties presently under discussion, despite the fact that I am not satisfied with them in all respects. They are, however, a vast improvement over what now exists; consequently I have continued to support them despite enormous pressure from my home state.

At this juncture, I want you to know how very difficult it is for me to continue to support your foreign policies. I was appalled to learn in the past three days of your decision to postpone (cancel?) the neutron bomb program -- a humane weapon (if any war weapon can be said to be humane) in that it makes possible the destruction of enemy troops without at the same time killing tens of thousands of civilians, as was done in Dresden and Hiroshima.

The postponement of the neutron bomb, along with the cancellation of the B-l bomber program, has at least thrown away a valuable bargaining chip. It has also probably destroyed what technological advantages we had over the Soviets to offset their advantages in manpower, tanks, and proximity to their major target, which presumably is Western Europe.

I have been equally appalled at your support of the guerrilla movements led by Joshua Nkomo and Robert Mugabe and your characterization of the coalition being formed by Ian Smith and Bishop Abel Muzorewa and their allies as "illegal." Illegal under what laws, Mr. President? The world has witnessed with horror the disaster that befalls newly independent African nations when they have insisted on instant "majority rule," which has meant throwing the British out of Nigeria, the Belgians out of the Congo, the Portuguese out of Angola. In instances like these, the immediate result has been chaos and civil war, along with genocide -- one tribe systematically exterminating another -- a kind of genocide

The President

April 13, 1978

that the United Nations never condemns, or seems to notice.

Whatever may be the faults of Ian Smith and Muzorewa and their allies, they have remained in the country to try to solve its problems by peaceful evolution rather than violent revolution. They have agreed on a plan for the orderly transfer of power from whites to blacks, with shared authority during the transitional period. The plan could work, given moral support by the United States and Great Britain. Why then does the U.S. support Joshua Nkomo, who refuses to join the coalition unless the present Rhodesian army is disbanded and he is invited to re-enter Rhodesia with his own army? Why does the U.S. give aid and comfort to Robert Mugabe, who openly boasts of his Marxism-Leninism and vows to create in Rhodesia a "socialist" society, whatever he may mean by that?

Why is the Administration silent about the more than a billion dollars' worth of military equipment and the 12,000 (15,000?) Cuban troops which are being supplied to Ethiopia by the U.S.S.R.? If a war between Ethiopia and Somalia is none of America's business, it is none of the Soviet Union's business either -- and still less Cuba's business.

Why are we anxiously conducting SALT talks with the Soviet Union, while the Soviet Union steadily enlarges its empire: Angola, Ethiopia, Rhodesia next, and military advisers in twenty or more African nations? Why do we find no more to criticize in the Soviets' behavior than their treatment of Sharansky?

And Cambodia! One of the world's great bloodbaths has been going on there ever since the Communist takeover of that unhappy nation. Even the left-wing New York Review of Books was viewing this slaughter with alarm almost a year ago. But the Administration, with all its concern for human rights in friendly countries like Chile and Brazil, appears to be looking the other way.

The greatest objection to the Panama Canal treaties is the charge that the "give away" is a revelation of American weakness — of the decay of national pride and national purpose. I have tried to argue that the new arrangements regarding the Canal show the strength and self-confidence of a great nation that is willing to change an old and unequal treaty in order to treat the Republic of Panama as a partner and equal in the family of nations. But how can I maintain this position, Mr. President, when there is nothing in our foreign policy that shows anything but silence or timid acquiescence in the face of determined Communist aggression?

I await your reply with great anxiety and concern.

Respectfully yours,

Then Huyahawa

Hayakawa Jeered by GOF Group for Backing Treaty

Times Staff Writer

Sen. S. I. Hayakawa (R-Calif.), who once silenced dissident students by unplugging their sound system. was shouted and jeered at by fellow Republicans as he tried to explain his vote in favor of the first Panama Canal treaty.

The outcry from members of the audience of the Westside Republican Council late Thursday was so vehement that Rep. Robert K. Dornan (R-Calif.) appealed to the crowd to treat Hayakawa with more respect.

Dornan had appeared on the same stage as an adversary-to debate Hayakawa on the canal treaty issue.

Dornan came to Hayakawa's defense, calling him "the ultimate gentleman, the quintessential legislator."

Then, Dornan drew cheers for himself when he urged Hayakawa, sitting silently nearby, to change to an antitreaty position when the second canal pact comes up for a vote in the Sen-

Earlier the same day, Hayakawa ran into a skeptical audience at a Jewish Federation Council meeting when he suggested that the sale of American fighter-bombers to Saudi Arabia might not necessarily endanger the security of Israel.

Hayakawa said it would be contrary to U.S. interests to allow the Saudis, who have an estimated 25% of the world's known oil reserves, to become vulnerable to Soviet pressure and influence.

"I bring these matters not as assertions, but as questions," he said. "I want to assure the safety and presperity of Israel."

Later, when the junior senator from California was asked how he felt about the pointed questions he had encountered, he said he was not surprised or disappointed.

"I am just toying with the idea of providing American arms to the (Saudis) to see how it stacks up," he

On the canal issue, the catcalls and derisive laughter started when Hayakawa reasoned that approval of the treaties is consistent with past U.S. efforts to urge other nations to give up their colonial holdings.

He said his decision to vote for the first treaty was reached after much soul-searching and that he favors the agreement by only a 60%-40% mar-

Dornan responded that he was 90% against the canal treaties.

Hayakawa first attained statewide prominence in the late 1960s when he was hired as president of San Francisco State University, then under virtual siege by student protestors against the war In Vietnam. Hayakawa defused one particularly boisterous rally by walking up to the sound truck and pulling the plug.

THE SUN Monday, April 3, 1978

?78 election outlook: Republicans: \$19 million fund

Washington Bureau of The Sun

Washington-The national Republican party, seeking to overcome heavy Democratic majorities at all levels of government, plans to give its federal and state candidates an unprecedented \$19 million in direct and indirect help this year.

Of this, nearly \$9.5 million will go in the form of direct cash help and payment of candidate expenses, while a somewhat Larger amount will be spent on-indirect political assistance.

While comparisons with past campaigns are difficult, the four major national GOP groups plan to give House and Senate candidates nearly \$8 million in direct help in 1978, compared with about \$5 milsuccess in building, and then using, direct

The Republican National Committee, with 500,000 names on its regular distributor lists, expects to net \$12.4 million from direct mail this year at a cost of \$4 million. The Republican Congressional Committee, which helps House candidates, expects to net \$8 million at a cost of \$2 million, while the Republican Senatorial Committee, somewhat newer in the direct mail business, plans to net \$3.5 million at a cost of about half that amount

The congressional committee has 460,-000 names on its lists and is 98 per cent gotten \$17,500 each, and more than \$3 million will ultimately go to GOP candidates in the 34 Senate races, including about \$2.5 million from the senatorial committee, \$600,000 from the national committee and the rest from the Boosters. That's an average of close to \$100,000 a race, and help could approach the \$400,-000 limit in a large state like Texas.

GOP officials consider the \$1 million for legislative races and the \$500,000 for governors especially important, in view of the fact that many states will reapportion congressional and state legislative seats after the 1980 census. A failure to reduce heavy Democratic majorities this year could mean the GOP will have hardly any say in post-1980 reapportionment.

Democratic efforts to help their candidates fall far short of these totals, although the margin is offset somewhat by the efforts of organized labor. But the greatest disparity may come in the area of political services.

For example, the national committee has budgeted \$634,000 for the unique program begun a year ago to underwrite the

The committees are also running a didate's workshop in June, at which c dates will be shown how to handle : the unusual aspects of their campa such as test television interviews.

In Maryland, the Republican Nat Committee has "really been very g ous," according to Jeanette Wesse treasurer of the GOP's State Central mittee.

So far the RNC bas:

· Paid the salary for one of the central committee's three full-time members, at a cost of \$14,000.

· Staged three campaign work last year, plus seminars for prosp Republican candidates.

· Provided the Maryland GOP \$20,000 interest-free loan for six m The local Republican party expects pay this money by June 1.

Additionally, the Maryland GO net 50 per cent of all Maryland sold for the April 6 dinner And al there are not yet specific moneta Andrewskie Copy Blade for Processing Proposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

17 April 1978

D

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON

SUBJECT:

Status of Presidential Requests

BRZEZINSKI:

1. (4/5) Clear McIntyre's 5-year Shipbuilding Plan with Secretary Brown. Also, explain the paragraph concerning "...Army and Air Force are the highest priority..." -- Done.

dore

MOORE:

- (4/6) (and the Vice President) Check with Pat Harris on the Tennessee Director concerning the Knoxville UDAG grant -- In Progress.
- (4/6) See Jim Gammill regarding Malcolm Reese. Comply with Sen. Nunn's request that Reese serve at either SBA or the Federal Home Loan Bank Board in Atlanta or Washington -- <u>In Progress</u>, (with FHLBB).
- 3. (4/10) The Republican Energy Conferees want to meet with the President and Schlesinger -- Done.

dene

JORDAN:

1. (4/10) See the President regarding Jane Yarn/Jean Hennessey for CEQ -- Done.

done

GAMMILL:

1. (4/10) Let the President know what Elizabeth Petrie can serve on -- Done.

done

KRAFT:

 (4/10) Work out a time for the President to see Giscard --In Progress.

THE WHITE HOUSE WASHINGTON

FOR INFORMATION FROM PRESIDENT'S OUTBOX LOG IN/TO PRESIDENT TODAY IMMEDIATE TURNAROUND
OG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

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		SCHULTZE	

-	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to
	Carp/Huron within
	48 hours; due to
	Staff Secretary
	next day

1	ARAGON
	BOURNE
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	WARREN

THE WHITE HOUSE WASHINGTON

4/16/'78

Mr. President:

Attached, schedules for today and tomorrow.

I erred on the phone; it's not Inouye, but S.I.

Hayakawa that you are to see at 3:00 Monday afternoon.

Hayakawa is to be reassured on the Treaties.

Given the vote Tuesday, there may be some other requirements like that on Monday.

Also, the 2:00 announcement involves not only a greeting of the Ad Hoc Committee, but a brief (2 to 3 minute) statement in the press briefing room --- the timing being, on the day taxes are due.

I'm your foremest 'get-away' advocate -- but
Monday may not be the afternoon.

Please advise.

CAMP DAVID

7:30 BREAFKAST BUFFET with the Cabinet - Laurel Lodge.

Cabinet Meeting - Laurel Lodge. 8:45

11:15 Depart Camp David via Helicopter en route White House.

11:50 Arrive South Grounds.

Lunch with Vice President Walter F. Mondale. 12:30 The Oval Office.

2:00 Announcement of Ad Hoc Committee on Tax Reform. (10 min.) (Mr. Landon Butler) - The Cabinet Room.

Admiral Hyman Rickover - The Oval Office. # 2:20 (10 min.)

delay Tues,

2:45 coll from P.M. Callaghan CDavid 4:00 Depart CDavid 3:00 S.I. Hayakawa 5:00 pm

3:00 S.I. Hayakawa

Country Music Concert (Black Tie) - The East Room.

THE PRESIDENT'S SCHEDULE

Sunday - April 16, 1978

CAMP DAVID

10:00 Church Service.

SPECIAL NOTE:

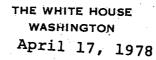
Helicopters carrying Cabinet arrive Camp David at 2:30 p.m.

6:00 Cocktails - Laurel Lodge.

7:00 Dinner - Laurel Lodge.

8:15 Movie - Hickory Lodge.

lax statement Today - FINAL IA COMPLICATED - UNFAIR PONT HEAR VOICES WHO WANT - SIMPLE/FAIR LOUDEST VOICES- A GINST RESULT- NG PERSONY FAMILY FOOT BILL HI PRICED MEASS- THEASER BALL GAMES - COUNTRY CLUB DUES- 1ST CLASS AIR WRITE OFE > AUG FAMILY EARUS LOW/MIDDLE - MULTINATIONAL CORP TAX BREAKS-EXPORTS JOBS \$ 10 +30,000 TAX CAT 300 TAX REFORM > ECONOMICS CODE- TRUST TOUCHES ALL "NO ENTHUINSM" / COME AREE VR THE LET VOICES BE MEADED



Bob Lipshutz

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Hamilton Jordan Frank Moore

RE: OMNIBUS JUDGESHIP ACT





THE WHITE HOUSE WASHINGTON

4/16/78

Mr. President:

The Attorney General has seen this memo, and concurs.

The proposed Executive Order has been cleared by OMB and Justice.

Rick

Minimum Copy Made to Proposed

THE WHITE HOUSE

WASHINGTON

April 12, 1978

Bob

MEMORANDUM FOR THE PRESIDENT

FROM:

HAMILTON JORDAN HEROBERT LIPSHUTZ FRANK MOORE

RE:

Omnibus Judgeship Act

Barring a mishap in conference, Congress sometime in May will pass the Omnibus Judgeship Act, creating 35 new positions on the Courts of Appeals and some 110 at the District Court level. The total of 145 represents more than one-quarter of the active Federal judges now sitting.

The opportunity to fill such a large number of judgeships is unique in American history. The appointment of these judges -- many of whom will be hearing cases well into the 21st century -- will constitute a critical part of the legacy of your Administration.

Equally important, the process of filling these judgeships provides an instrument to redress an injustice: of the 525 active Federal judges, only twenty are black or Hispanic and only six are women. By using the Omnibus Judgeship Act to appoint a substantial number of qualified minority and female lawyers, as well as capable white males, the Administration will begin to bring some balance into this area. (The House version of the bill notes the low percentage of minority and female judges and calls on the President to "give due consideration to qualified women, blacks, Hispanics, and other minority individuals." It should be noted that the House has never played a major role in the appointment of judges, so this is a gratuitous provision aimed at the Senate as well as the Executive Branch.)

We have consulted with the Justice Department and have agreed upon certain principles to follow in the appointment process:

1. Effective consultation with Senators is paramount. Before the Administration says anything public about appointing more minority and female judges, Frank Moore's staff should advise all Senators of your intention to direct the Circuit Court Nominating Commission to attempt to identify qualified minority and

female nominees for Circuit Court positions. In addition, we should let them know that their support concerning the new District Court openings in their states is particularly needed. We should also advise the Senators that Justice and the White House will be available to assist them, e.g., by suggesting names of qualified minority and female lawyers from their states. Close consultation must continue until all the new judges have been nominated and confirmed.

- 2. At the District Court level, we should concentrate on those states having multiple vacancies. If there is only one opening in a state, it is likely that a Senator may have a candidate who is not a minority or female lawyer. If there is more than one vacancy, however and that will be the situation in about 25 states we can fairly ask the Senators in question to assist us and help themselves politically by agreeing to the nomination of some minority or female lawyers. (Those Senators who have commissions can be asked to pass the word along.)
- Nominations for a particular circuit or state should not be sent to the Senate until all of the potential nominees for that circuit or state have been tentatively identified. At the Circuit Court level, this means that no nominations for a given circuit would be sent to the Senate until you have identified, with the approval of the appropriate Senators, all of the persons you intend to nominate from that circuit, subject to the ABA and FBI checks. At the District Court level, no nominations for a given state would be made until you have identified, with the approval of the Senators involved, all potential nominees for the state. This will enable you to get a proper number of women and minorities nominated and confirmed.

The procedure outlined will tend to ensure that we do not inadvertently, through a series of ad hoc decisions, send only a few minority or female nominees to the Senate. Of the 31 judges appointed by you to date, only two are black and only one is a woman. Both of the blacks were elevated from District to Circuit Courts, so there has been no net increase in the number of black judges. We believe these numbers would have been higher if selections had not been made on an ad hoc basis. (Note: two additional blacks and one woman have been nominated.)

Appointing 145 new judges will be a large undertaking, and adequate resources must be devoted to it. At Justice the Attorney General and Mike Egan will be overseeing the project, and they have assigned one attorney to work full-time and four to work part-time on (Each of the four will be responsible for a particular region of the country.) At the White House, Bob Lipshutz is bringing on a lawyer for six months to work full-time on judicial selection. The lawyers at Justice and the White House, as well as their superiors, will be cooperating closely with one another. will be responsible for keeping track of the progress being made in filling each of the 145 vacancies. will also actively solicit names of qualified minority and female candidates and -- in conjunction with Frank Moore's staff -- pass these names on to interested Senators.

Before beginning consultation with the Senators, we need your approval of the basic objective of attempting to increase the number of minority and female judges, as well as the general principles outlined. The Attorney General concurs with this approach.

Approve objective _____Disapprove and principles

Assuming you generally approve of this plan, certain specific steps must be taken to implement it. At some point, for example, it may be necessary for you to mention this issue at a leadership breakfast or to talk individually with particular Senators.

The most immediate step is to amend the Executive Order establishing the Circuit Judge Nominating Commission to encourage each panel "to make special efforts to seek out and identify well qualified women and members of minority groups of as potential nominees." The attached proposal amends the Executive Order in this fashion (see Section 4(d)). (It also makes certain other changes requested by Justice, including don't addition of provisions (a) permitting public release of the encourage names of candidates recommended by a panel; the names become public anyway and the change is consistent with our general policy of openness; (b) clarifying the panels' authority,

where there are multiple vacancies, to submit a single (longer) list of candidates; (c) ensuring that there is at least one lawyer from each state on a panel and that a majority of each panel be comprised of attorneys; (d) deleting the 60 day deadline for reporting particularly where there are multiple vacancies -- as there will be under the omnibus Judgeship Act in many circuits -- a somewhat longer period may be necessary, and the instructions to the panels will contain an appropriate deadline; and (e) permitting the President to designate someone -- probably the Attorney General or Associate Attorney General -- to notify the panels to begin functioning; this change simply reduces paperwork.)

We recommend that you sign the attached Order -- but that publication and any public comment be withheld until Frank Moore's staff has had an opportunity to advise the Senate of your action. We view the notification process -- particularly as it relates to the affirmative action component of the Order -- as a vehicle for beginning our dialogue with the Senate on this general issue.

Approve Order	Disapprove
---------------	------------

EXECUTIVE ORDER

UNITED STATES CIRCUIT JUDGE NOMINATING COMMISSION

By virtue of the authority vested in me as President by the Constitution and statutes of the United States of America, in order to clarify and amend the responsibilities of the various panels of the United States Circuit Judge Nominating Commission and to continue the Commission, it is hereby ordered as follows:

Section 1. Establishment of the Commission. There is hereby established the United States Circuit Judge Nominating Commission (hereinafter referred to as the "Commission"). The Commission shall be composed of thirteen panels, each of which shall, upon the request of the President, recommend for nomination as circuit judges persons whose character, experience, ability and commitment to equal justice under law, fully qualify them to serve in the Federal judiciary. Except as indicated below, each panel shall serve a geographic area set forth in 28 U.S.C. 41. The panels shall be as follows:

- (1) Panel for the District of Columbia Circuit;
- (2) Panel for the First Circuit;
- (3) Panel for the Second Circuit;
- (4) Panel for the Third Circuit;
- (5) Panel for the Fourth Circuit;
- (6) Panel for the Eastern Fifth Circuit, for the States of Alabama, Florida, Georgia and Mississippi;
- (7) Panel for the Western Fifth Circuit, for the States of Louisiana and Texas, and the Canal Zone;
 - (8) Panel for the Sixth Circuit;

- (9) Panel for the Seventh Circuit;
- (10) Panel for the Eighth Circuit;
- (11) Panel for the Southern Ninth Circuit, for the States of Arizona, California, and Nevada;
- (12) Panel for the Northern Ninth Circuit, for the States of Alaska, Hawaii, Idaho, Montana, Oregon and Washington, and the Territory of Guam; and
 - (13) Panel for the Tenth Circuit.

A panel shall be designated as, <u>e.g.</u>, the "United States Circuit Judge Nominating Panel for the First Circuit."

- Sec. 2. <u>Membership</u>. (a) The membership of the Commission shall consist of the combined memberships of the panels. The President may appoint a member of the Commission as its Chairman, with such duties as the President may assign.
- (b) A panel shall be composed of a Chairman and such other members as the President may appoint;
- (c) Each panel shall include members of both sexes and members of minority groups. Lawyers shall constitute a majority of the membership of each panel, and each panel shall include at least one lawyer from each State within a panel's area of responsibility.
- (d) All members of the panel for the District of Columbia Circuit shall be persons residing within the District of Columbia or within twenty miles of its boundaries.
- Sec. 3. Functions of Panels. (a) A panel shall begin functioning when the President or his designee notifies its Chairman that the President desires the panel's assistance in aid of his constitutional responsibility and discretion to select a nominee to fill a vacancy or vacancies on a United States Court of Appeals. Upon such notification, the panel shall:

- Give public notice of the vacancy or vacancies
 within the relevant geographic area, inviting suggestions
 as to potential nominees;
 - (2) Conduct inquiries to identify potential nominees;
- (3) Conduct inquiries to identify those persons among the potential nominees who are well qualified to serve as a United States Circuit Judge; and
- (4) Report to the President, within the time specified in the notification of the vacancy or vacancies, the results of its activities, including its recommendations as to the persons whom the panel considers best qualified to fill the vacancy or vacancies.
- (b) The Panel for the District of Columbia Circuit shall have the additional function of recommending nominees for the United States District Court for the District of Columbia, in accordance with the standards and procedures prescribed by this order for recommending nominees for circuit judges.
 - Sec. 4. Standards for Selection of Proposed Nominees.
- (a) Before transmitting to the President the names of the persons it deems best qualified to fill an existing vacancy or vacancies, a panel shall have determined:
 - (1) That those persons are members in good standing of at least one state bar, or the District of Columbia bar, and members in good standing of any other bars of which they may be members;
 - (2) That they possess, and have reputations for, integrity and good character;
 - (3) That they are of sound health;

- (4) That they possess, and have demonstrated, outstanding legal ability and commitment to equal justice under law; and
- (5) That their demeanor, character, and personality indicate that they would exhibit judicial temperament if appointed to the position of United States Circuit Judge.
- (b) In selecting persons whose names will be transmitted to the President, a panel shall consider whether the
 training, experience, or expertise of certain of the well
 qualified individuals would help to meet a perceived need of
 the court of appeals on which the vacancy or vacancies
 exist.
- (c) To implement the above standards, a panel may adopt such additional criteria or guidelines as it considers appropriate for the identification of potential nominees and the selection of those best qualified to serve as United States Circuit Judges.
- (d) Each panel is encouraged to make special efforts to seek out and identify well qualified women and members of minority groups as potential nominees.
- Sec. 5. <u>Ineligibility of Commission Members</u>. No person shall be considered by a panel as a potential nominee while serving as a Commission member or for a period of one year after termination of such service.
- Sec. 6. Travel Expenses and Financing. (a) Members of the Commission shall receive no compensation from the Government of the United States for their service as members of the Commission, but may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5702 and 5703) for persons intermittently employed in the government service.

- (b) All necessary expenses incurred in connection with the work of the Commission shall be paid from the appropriation for "Unanticipated Needs" in the Executive Office Appropriations Act or from such other funds as may be available.
- (c) Expenditures authorized by this Section may be made only after the President has notified a panel's chairman that he desires the panel's assistance in accordance with Section 3 above, and before the termination of appointments to the panel in accordance with Section 7 below.
- Sec. 7. <u>Term of Membership</u>. Unless extended by the President, each appointment to a panel shall terminate thirty days after submission of the panel's report to the President.
- Sec. 8. <u>Termination of Commission</u>. The Commission shall terminate on December 31, 1978, unless sooner extended by the President.
- Sec. 9. <u>Revocations</u>. Executive Order No. 11972 and Executive Order No. 11993 are hereby revoked.

THE WHITE HOUSE

, 1978.

THE WHITE HOUSE

WASHINGTON

April 17, 1978

MEMORANDUM FOR:

THE VICE PRESIDENT
THE SECRETARY OF STATE
DIRECTOR, OFFICE OF MANAGEMENT AND
BUDGET
DIRECTOR, INTERNATIONAL COMMUNICATION
AGENCY

SUBJECT:

Humphrey Scholarships

In remarks which he made in Caracas, the President announced his intention to establish a program of scholarships to bring students from the developing world to study in U.S. colleges. Since then, he has asked NSC to draw up a proposal and obtain your agency's comments. I would appreciate it if you could designate someone in your agency to work with Bob Pastor of the NSC, who will be coordinating the staff work. He will be in touch with your office shortly to arrange a meeting to discuss the proposal at Tab A. We would appreciate if ICA and OMB could prepare some preliminary budgetary figures for each option in the proposal.

Our hope is to put together a proposal for the President by May 1, 1978.

Zbianiew Brzezinski

Humphrey "North-South" Scholarships:

A Proposal

Proposal:

To provide USG support for poor but outstanding youth from the developing world to study in U.S. universities. This program would be named in memory of Senator Humber H. Humphrey.

Purpose:

The program's purpose is to help educate a core group of a new generation of developing world leaders. Like the Rhodes Scholarships, the "Humphrey Scholarships" could provide an education and a common experience for a group of future leaders, and by so doing, provide a compelling symbol of U.S. interest in the developing world. Moreover, by the competitiveness involved in obtaining such a scholarship, student applicants will demonstrate to an American public disinterested in the third world that the LDC's still are very interested in the U.S.

Those scholarships could not, of course, contribute very significantly to narrowing the educational gap between the industrialized and the developing countries, and the last thing we would want to do is sell the program in that way. But it could show in a very visible way that we are intent on contributing to the narrowing of that gap, and it possibly could have a "demonstration effect", setting an example which other U.S. institutions might emulate.

By seeking out the poor but talented who might otherwise not be able to afford an education, the program would be demonstrating a special American concern for helping the poor and for promoting equality of opportunity. Regardless of which option described below is selected, the program could include a one-month seminar in the summer on North-South relations. This seminar would provide an opportunity for Humphrey Scholars to learn more about the problems of developing countries other than their own, the state of North-South relations, and the perspective, capabilities, and constraints of industrialized countries. Speakers from the U.S. and elsewhere could address the group. Short trips might be possible.

This proposal could be implemented in several different ways. Three options are described below:

Option #1: Poor Undergraduates

The U.S. currently funds graduate training through the Fulbright program as well as through other sources, but it doesn't fund undergraduates, and it doesn't seek out and recruit poor students from the developing world.

By seeking the poor but talented who might otherwise not be able to afford an education, the program would demonstrate a special American concern for helping the poor—complementing our aid program—and for promoting equality of opportunity.

Several reasons why the USG has not funded undergraduates before include the relatively higher drop-out rate and the temptation to stay in the U.S. after graduation. One's undergraduate years represent a very formative stage, and one fear is that the third world students could be "denationalized" and "Americanized".

The last thing we want to do is encourage the "brain drain". While one cannot devise a perfect system to guarantee a student's return home, there are still several ways to significantly reduce the likelihood of "recidivism".

- -- N-S scholars will not be permitted to pursue post-graduate studies in the U.S. immediately after graduation from college. Their visa would be terminated upon graduation, and they would have to return home for a minimum of two years.
- -- The USG will finance two trips back to the student's country, preferably for employment during the summer. This will permit the student to maintain his contacts in his home country.
- -- The home country will cooperate with the program by assuring the N-S scholar a job upon his return and by appropriate protocolary functions (e.g., a dinner, special reward or degree, or special event) at the end of his education.
- -- Upon graduation, the N-S scholars will be invited to a White House reception which will formally end their studies in the U.S. (Such a formal "sending-off" party will help to alter the incentives, making it more difficult for students to stay in the U.S.)

Option #2: Graduate Students

A graduate program would be very much like the Fulbright program, providing financial support for a two-year period.

The benefits of this option as contrasted with Option #1 are:

- -- It would be less expensive.
- -- It would be much easier to identify future leaders.
- -- Students would be more mature and more likely to return to their country.

The major disadvantage is that it really doesn't offer anything different than what the U.S. is already doing, although the Humphrey title would give a North-South flavor.

It would also be much more difficult to identify poor students in the developing world who have completed their university education than those who have just completed secondary school.

Option #3: Designating Graduate Students Accepted by Other Programs

The least expensive approach would be to designate students already accepted by U.S. universities and/or other scholarship programs as "Humphrey Scholars". The program would be just as symbolic and have the same amount of prestige; it would just be cheaper. In fact, the only real cost would be the monthlong seminar on North-South relations and the administrative costs of selection, etc.

Remaining Questions

These three options are frameworks for three kinds of programs. None address the questions related to implementation, but answers to those questions need not vary from option to option. So choices can be made on implementation and folded into the most desirable option.

1. <u>Numbers</u>. How many developing nations should be invited to send scholars? How many students per country?

Recommendation: If the program is to be a North-South program, it must be comprehensive and inclusive, bringing three students from every developing country (defined by World Bank standards) with which we have diplomatic relations. The number of students is obviously an arbitrary choice made for budgetary reasons as well as for others. "Three" students will ensure that there will at least be several representatives from each country; having three "symbols" rather than one would permit more people to be aware of the program and to have an opportunity to participate in it.

2. <u>Program.</u> Should we designate the program of study, or accept the programs which the students select?

Recommendation: Hubert Humphrey stood for dedication to public service, and it would be appropriate to select students interested in public administration—type studies, although this should be very broadly defined, to include, for example, law and scientific endeavors. The student should be selected at least partly on the basis of his interest and his experience in serving his country.

3. Administration. Who should select the students? Who should organize the North-South seminar? Who should administer the program? Which universities should be used?

Recommendation: The clear preference would be not to create a new administering office if one is available. The Fulbright program is one possible mechanism; and bi-national boards in the developing countries could select the students. The administration of the seminar could be done by a university which would be designated on an annual basis.

The students would have to apply directly to the university—of which about 12 could be designated. By using a single set of universities—even 12—we would be able to build into the system an institutional memory which would make the administration of the program easier and since these 12 universities are likely to be considered among the best in the U.S., that would lend special prestige to the program.

4. <u>Selecting the Poor.</u> What criteria would be used to select poor students in the LDC's?

Recommendation: The criteria would be that the student's family income would be equal to or below the average per capita income for families in urban areas. In practice, this will probably be a difficult question to answer, and should probably be left to the host country board to determine.

NATIONAL SECURITY COUNCIL



April 14, 1978

ACTION

MEMORANDUM FOR:

ZBIGNIEW BRZEZINSKI

FROM:

ROBERT PASTOR

SUBJECT:

Humphrey Scholarships

As per the instructions in your memorandum of April 7, I have drafted a short proposal which includes three options for the Humphrey Scholarship Program. I have been in touch with, and have given a copy to, Bill Smith of the Vice President's office. I have prepared a memorandum at Tab I for you to send to the Offices of the Vice President, Secretary of State, OMB and ICA--all agencies with an interest in this proposal--because I felt that a memo from you at this stage would be helpful in pushing the discussion forward and in attracting the attention of the heads of each of these agencies. I have been in touch informally with staff people in each of these agencies, except OMB, and expect to be able to work from my proposal and prepare a paper for the President by May 1. Your comments on the options paper at this point would be useful.

RECOMMENDATION:

That you sign the memorandum at Tab I. (You may also wish to inform the President that we are moving ahead on this idea.)

Approve

____Disapprove

THE WHITE HOUSE WASHINGTON

April 7, 1978

MEMORANDUM FOR:

ROBERT PASTOR

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

Humphrey Scholarships

Please proceed as directed by the President, while keeping me fully informed.

Has this been discussed with the Vice President?

THE WHITE HOUSE WASHINGTON 4/4/78

RF

Need a memo on all follow. up actions to be taken.

ZB.

THE WHITE HOUSE

April 4, 1978

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

Humphrey Scholarships

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There were a number of press accounts of your toast in Caracas where you mentioned the idea of Humphrey Scholarships for developing country students. Mrs. Humphrey has subsequently received several calls from the press, and she has told them that she has not yet spoken to you about it. Bob Pastor gave some general background information on the idea in answer to a request from her staff on Monday.

I recommend that you telephone Mrs. Humphrey as soon as possible to give her some background on the proposal, to solicit some of her ideas, and to suggest that she and her staff work with Bob Pastor and other officials in the Executive Branch to bring the idea to life.

Suggested Talking Points

- -- In my speech in Caracas, I talked about ways the U.S. should be more responsive to the needs and concerns of the developing world-an issue which was so closely identified with your husband. One way to show our interest in the developing world while demonstrating to the American people its importance to us is by helping poor students from the LDC's come to the U.S. for their higher education.
- -- Venezuela is quite proud of its Ayacucho Foundation Scholarship Program, which sends Venezuelans to study in the U.S. and elsewhere. In complimenting President Perez for the program, I thought it would be an appropriate moment to suggest a similar program which my staff has been working on: a North-South Scholarship program for bringing poor students from the developing world to the U.S. to study.

RECEIVED

SEP1 6 1980

CENTRAL FILES

-- While we have done a fair amount of work on the proposal, we have not, by any means, fully defined the details of the program. I wanted to speak to you first to have your thoughts, and then I thought you and your staff could get together with several people here who have been working on it.

.

RECOMMENDATION:

That you phone Mrs. Humphrey to provide some background on the North-South Scholarship proposal, to solicit some ideas, and to suggest that her staff follow-up with yours.

APPROVE	DISAPPROVE

April 4, 1978

NATIONAL SECURITY COUNCIL

ACTION

MEMORANDUM FOR:

ZBIGNIEW ÆRZEZINSKI

FROM:

ROBERT PASTOR

SUBJECT:

Humphrey Scholarship

Yesterday, I received an urgent phone call from Mrs. Humphrey's staff asking what this Humphrey scholarship idea was all about. It wasn't clear whether she was reflecting Mrs. Humphrey's concern or her own, but it was clear that they were upset about not being briefed on the subject before the press got a hold of it. I calmed her staff down and gave her a general briefing on the subject, and said that we would be following up on it when the President returned.

You may recall that the President mentioned to me on the plane that he wanted to call Mrs. Humphrey when he returned to brief her on the idea and to solicit her views. I have provided a memorandum for you to send to the President reminding him of the proposal and his remark that he wanted to call Mrs. Humphrey.

Since the President will be meeting with members of the Senate Foreign Relations Committee tomorrow, but I don't believe that Mrs. Humphrey will be among them, it would be particularly appropriate if he called her either before or just after.

I am working on a proposal which sets out several different options, and intend to send it to you for your approval before asking comments from the agencies.

RECOMMENDATION:

That you send the memorandum at Tab A to the President.

_____Approve _____Disapprove

pr 1-4-18

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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HAN scholuship , deaWe should have the

deta; Is until later. Work

steff work is needed
IDENT

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ACTION

zbigniew brzezinski

SUBJECT:

North-South Scholars: A Tribute to Senator Humphrey

Several years ago, President Perez initiated a large-scale scholarship program, called the Ayacucho Program, with the purpose of trying to educate an entire new generation of Venezuelans. My staff has been working with people from other agencies on a proposal which is very similar to Perez' program, only it would finance the scholarships of students from all the developing countries to study in the Your stop in Caracas would provide a perfect opportunity to announce the program, making the point that we have profited from Venezuela's idea.

The program is quite simple. Its purpose would be to focus the attention of the American people on the importance of the developing world -- a principal theme of your Caracas The scholarship program could be named for Senator Humphrey, who was so identified with and so sympathetic to the North-South dialogue. Like the Rhodes scholarships, the Humphrey scholarship could provide education and a common experience for a new generation of leaders.

The program could be focused in one of two directions. could select five poor but extremely talented undergraduates from all the developing countries (approximately 600 per year) and finance their undergraduate education. program would cost about \$30 million and for that reason many of the agencies believe that the direction of the program should be towards graduate students.

Of course, we have many scholarship programs for graduate students, and one idea would be merely to designate several several graduate students who already have scholarships to the U.S., as Humphrey Scholars. The "Humphrey Scholarship" designation would be a prestigious one, and perhaps it could include a special one-month seminar each year where North-South problems could be addressed. Such a program

would be very inexpensive, but might project the same symbol that we would like to project with a more extensive and expensive undergraduate program. State, USIA, HEW, and OMB all commented on the original NSC proposal for undergraduate scholarships by saying that they thought the idea was an excellent one, but too expensive. All those agencies preferred a graduate program instead. I have re-evaluated the original NSC proposal and now concur with the other agencies that a graduate program would be more desirable.

RECOMMENDATION

That you approve the idea of a Humphrey Scholarship program which would designate selected graduate students from developing countries who already have scholarships to attend U.S. universities. This could be announced in an appropriate way in Caracas.

Approve	Disapprove
Approve	preabbroke

RI

MEMORANDUM

NATIONAL SECURITY COUNCIL



March 13, 1978

ACTION

MEMORANDUM FOR:

ZBIGNIEW BRZEZINSKI

FROM:

ROBERT PASTOR

SUBJECT:

North-South Scholars

You may recall that you sent a memo with the proposal for a North-South scholarship program to the President in late January. Rick Hutcheson then sent your memo to HEW, OMB, State and the USIA for comments. When he received all of the comments, he asked me to redraft the proposal taking them into account.

I found that all of the comments coalesced around a slightly different proposal for funding graduate training. Instead of taking my original 4-page proposal, plus your cover memo, plus the agencies' comments, I combined them all into a single memo giving the President the option of choosing one proposal or the other.

As is stated in the last paragraph of the memo attached at Tab I, it would be very appropriate for the President to announce such a program in Caracas.

RECOMMENDATION:

That you send the memorandum at Tab I forward to the President.

-- As mit of Option 1 + Option possible -- Some undergrad of some grad, since Hove seem to be compelling reasons for both. Pastors say mixing would blur "philesphical pant", create assumptiative problems, add cost. I'm not entirely convinced.

Rob - This verys on the hudicions!

A 4p mens to the C. of the USA

ashing 2 trivial questions. Propose a decision-neurone

THE WHITE HOUSE

WASHINGTON

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

North-South Scholars: A Tribute

to Senator Hubert Humphrey

In a conversation with Bob Pastor in the Fall, General Torrijos criticized the U.S. for not seeking young and poor students from the developing world to be educated in American universities. Torrijos said that we have left this task to the Russians, and he expressed his wish that we would correct this error.

Bob said that he thought Torrijos was wrong about poor foreign students getting USG funding, but he requested a study from State's Cultural Affairs Bureau, and it turns out that Torrijos was right. The USG does not fund undergraduate education for developing country students, and while many attend on their own, few of these are from the poor or middle class.

After several studies and conversations, I asked my staff to prepare a proposal on this subject for your consideration. proposal was subjected to several interagency discussions, and in the course of the review, two distinct proposals emerged. Interestingly, both proposals have many similarities, and only one important difference. All agencies support the idea of a U.S. scholarship program aimed directly at students from the developing world as a way to focus the attention of the American people and to generate interest in the plight of the poor countries in the world. All agencies believe that such a program would become a compelling symbol in the U.S. and in the developing world, especially if it were named for Senator Humphrey, who was so identified and so sympathetic to the North-South dialogue. All agencies also believe that we should use existing institutions to the maximum extent possible to implement the program; selection of students should be made by the bi-national Fulbright Commission Boards or by a similar organization.

The program would not, in itself, narrow the educational gap between the industrialized and the developing countries. But like the Rhodes scholarships, they can provide an education and a common experience for a new generation of leaders. It could also provide an opportunity for future leaders to understand the problems of other developing countries better. (This could be done by meetings which would bring all the North-South scholarship students together for discussions, seminars or trips.)

The fundamental difference between the two proposals is that Option #1 would fund poor but talented undergraduates from every developing country, and Option #2 would fund graduate training.

Option #1: Poor Undergraduates

The U.S. currently funds graduate training through the Fulbright program as well as through other sources, but it doesn't fund undergraduates, and it doesn't seek out and recruit poor students from the developing world. By seeking the poor but talented who might otherwise not be able to afford an education, the program would demonstrate a special American concern for helping the poor—complementing our aid program—and for promoting equality of opportunity.

This was the original NSC proposal, but it was criticized by the other agencies for the following reasons:

- -- It would be difficult to select five poor but talented secondary school students because most countries don't have national systems of testing. USIA also believes that in the majority of developing countries, there is little or no chance that the child of a family whose income was not more than the average GNP per capita would, in fact, complete his or her secondary education. (NSC disagrees with that.)
- -- USIA and State believe that foreign undergraduate education often serves as a handicap to advancement in LDC societies by "culturally wrenching" students in their most formative years. This is particularly a problem because the scholarship program would last four to five years--a concern expressed by HEW as well.
- -- An important reason why the State Department does not fund undergraduate education is because of the relatively higher drop-out rate, emotional immaturity, and the temptation to stay in the U.S. after graduation.

The last thing we want to do is encourage the "brain drain".

While one cannot devise a perfect system to guarantee a student's return home, there are still several ways to significantly reduce the likelihood of "recidivisim".

- -- N-S scholars will not be permitted to pursue postgraduate studies in the U.S. immediately after graduation from college. Their visa would be terminated upon graduation, and they would have to return home for a minimum of two years.
- -- The USG will finance two trips back to the student's country, preferably for employment during the summer. This will permit the student to maintain his contacts in his home country.
- -- The home country will cooperate with the program by assuring the N-S scholar a job upon his return and by appropriate protocolary functions (e.g., a dinner, special reward or degree, or special event) at the end of his education.
- -- Upon graduation, the N-S scholars will be invited to a White House reception which will formally end their studies in the U.S. (Such a formal "sending-off" party will help to alter the incentives, making it more difficult for students to stay in the U.S.)

OMB believes Option #1 would cost about \$30 million a year once it was fully functioning.

Option #2: Graduate Students

The agencies critical of funding undergraduates suggested a number of proposals for funding graduate students. USIA suggested that we just designate five students as "Humphrey Scholars" from existing exchange programs and do something special for them -- like a month-long meeting where they could all assemble and discuss North-South problems.

State suggested funding two years of graduate training in public administration-type subjects to symbolize further Humphrey's own career. State also suggested initiating the program in stages, beginning with no more than 100 scholarships -- say, one per country -- and increased gradually to five from each country.

The benefits of this option as contrasted with Option #1 are:

- -- It would be less expensive.
- -- It would be much easier to identify future leaders.
- -- Students would be more mature and more likely to return to their country.

The major disadvantage is that it really doesn't offer anything different than what the U.S. is already doing, although the Humphrey title would give a North-South flavor. And it doesn't do anything for the poor. (State, USIA, HEW, and OMB all prefer a graduate to an undergraduate program.)

Which do you favor?

1.	Option #1 (undergraduate poor)							
2.	Option #2 (graduates)							
	a. Designate from existing exchange programs							
	b. New 2-year program							
3	None of the above							

Whichever one you select, Caracas is the best place to announce such a North-South scholarship program not only because Venezuela has one of the most innovative and comprehensive scholarship programs—the Ayacucho program, sending abroad several thousand students to the industrialized countries, mostly the U.S. each year.

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THE WHITE HOUSE

WASHINGTON

April 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

PETER BOURNE ?B.

SUBJECT: LETTER FROM SENATOR KENNEDY

In response to your request at the recent meeting on National Health Insurance, Senator Kennedy sent the attached letter and a 7 page description of the compromise health plan he proposes.

The plan has been forwarded to H.E.W. for circulation and incorporation as one element in the decision memorandum being prepared for your review.

I believe they have made a sincere effort to produce a compromise proposal that would be mutually acceptable.

PGB:ss

Attachment

Domestic Policy Staff has no comment.



United States Senate

0

April 14, 1978

The President The White House Washington, D. C.

Dear Mr. President:

I very much appreciated the opportunity to meet with you last Thursday to discuss the development of your national health insurance proposal.

At that time you requested that I supply you with a summary of the ideas which Doug Fraser, George Meany, Lane Kirkland and I have developed on national health insurance. I am enclosing such a document and hope you will circulate it to all parties involved in your review process for their reaction. I would hope it would replace the description contained in the Lead Agency Memorandum.

If you would like a more detailed description of the plan, or if your staff would like to discuss any of the details, we stand ready and eager to be of help.

Page Two

I appreciate your commitments to both become personally involved in the detailed development of this issue and to meet with us again in May before any final decisions are reached.

I am confident that a plan can be developed that will have our enthusiastic support.

Sincered

Edward M. Kennedy

Enclosure

Electrostatic Copy Made for Preservation Purposes

WASHINGTON

DATE: 17 APR 78

FOR ACTION:

INFO ONLY: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

SUBJECT: BOURNE MEMO TRANSMITTING SEN. KENNEDY'S NATIONAL HEALTH INSURANCE PROPOSAL

- + RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
- + BY:

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

The Rationale:

This plan would guarantee universal coverage of comprehensive insurance benefits within a system designed to constrain costs at all levels and provide for reform of the delivery system. This is accomplished through the private sector, under government regulation, and does not create a two-class system of medical care that inevitably results from a mixed public and private plan, such as the Publicly Guaranteed Plan. Under this plan, certified private insurers and HMOs would insure the entire population. Financing would rely, to the maximum extent possible, on employer/employee-paid premiums to private insurers and HMOs, thus minimizing onbudget costs. Cost containment would be attained by a mixture of incentives for competition and federal and state regulatory controls on insurers and providers.

Thus, this plan guarantees full coverage for citizens, payments for doctors, and private administration in a single-class system with cost controls and delivery system reform built in.

The Plan

This prototype would require everyone in the country to purchase a standard comprehensive health insurance program from a federally certified <u>private</u> insurer or <u>private</u> health maintenance organization of their choice.

DETERMINED TO BE AN ADMINISTRATIVE DATE 5/15/90

- -- Incentives for HMOs would be built in, with either lower premiums or broader benefits for those wishing to enroll in them.
- -- Americans eligible for Medicaid or unemployment compensation could enroll in the private program of their choice and the government would pay the premium.*
- -- A government guarantee agency would be established to assure coverage for each citizen for covered benefits and to assure physician payment. Thus, anyone who approaches a health care provider without evidence of enrollment would be guaranteed care, but their bill would be referred to this agency. It would determine the appropriate source of financing, would enroll them in the private program of their choice, and would require reimbursement to the provider for services already rendered. This agency would have stand-by authority to operate insurance or HMO programs whenever private insurers prove unable or unwilling to operate plans consistent with the law.

In order to <u>assure</u> a <u>fair premium</u> for all regardless of employer, or health status, and <u>to promote competition</u> by price, customer service, and innovative ways of delivering health care, the plan places the following constraints on insurers:

-- Insurers would be required to organize into two
national, federally certified consortia (one of "Blues" and another
of "commercial" insurers). Each consortium would be required to
have at least one federally certified member (but possibly many

^{*} Medicare should be considered separately because of its unique characteristics.

members) in each state/area. The charters of insurance consortia and HMOs would allow a member or HMO to establish their own competitive premium for the standard comprehensive insurance coverage. However, they would have to offer the coverage to all residents who apply at that same premium; they would have to reimburse health care providers at no greater than standard negotiated rates; and their premium would have to be at or below a maximum allowable premium negotiated as part of the budgeting process.

- -- A reinsurance fund would be created from a percentage levy on all <u>public</u> and <u>private premium</u> payments to cover the costs of very high individual medical claims, and to reimburse those private insurers or HMOs who end up enrolling a disproportionate share of "high medical risk" individuals.
- -- Expanded coverages could be offered by insurers or HMOs as long as they are priced separately from the standard coverage.

In order to <u>constrain</u> <u>costs</u> and assure <u>improved</u> <u>availability</u> of services, the plan would do the following:

-- A system of national and state or area projected health care "budgets" would be phased in, based on current experience and reasonable growth and inflation factors. This "projected budget" would be the basis for (1) setting maximum allowable insurance premiums for the state or area that assure raising adequate revenues while "capping" rising costs; (2) state and area reviews of prospective hospital budgets and fee schedules negotiated between insurers, HMOs and providers; and (3) state and area certificate-of-need and other health planning and provider regulatory regulatory

activities. Over time, this budgeting and premium-setting process would be used to help equalize availability of services in various parts of the country.

-- A health resource development fund based on a percentage levy on all public and private insurance premiums would be established to augment expenditures under existing government programs designed to improve the accessibility and quality of care -- especially in underserved and rural areas of the country.

Analysis

The plan eliminates the kind of higher-cost and secondclass public insurance system for low-income or high medical risk individuals that exists at present -- or would evolve under any other national health insurance plan except a totally publicly funded model.

Second, it will prove less costly for government for two reasons:

(a) The higher-risk and higher-cost enrollees who otherwise end up in government plans will be merged into the private insurance pool at a standard, community-rated premium. The costs of the higher-than-average medical needs of these Americans will thus be spread over everyone in the insurance pool through their standard premiums — rather than paid out of federal and state tax revenues. The government premium for these individuals will be proportion—ately lower than under a separate public system. Since most of the on-budget costs of NHI are for individuals eligible for public support, this is a key cost factor.

(b) The costs of reinsurance and the health resources development funds are derived from a levy on all premiums paid to private insurers, whether the source is public or private. Thus, new federal budget costs are minimized. In fact, the government's contribution to the fund would be only a percentage of the premiums it pays for those eligible rather than the costs of all catastrophic claims in the nation.

Third, the plan offers the insurance industry a competitive opportunity to underwrite the health insurance needs of the country while assuring maximum competition in a manner consistent with the objectives of universal coverage and cost constraints.

Insurers would compete to insure some twenty million more low-income Americans currently under Medicaid and millions of employees who will be purchasing greatly expanded coverage under the plan. Large groups, large volume processing by major insurers have proven strong points of the insurance industry.

Potential Problems

By keeping maximum dollars off public budgets and in the private sector, the impact on employers is increased. Thus, employers whose current contributions to employee health insurance programs are very low may have to be offered "cushions" in the form of tax credits, subsidies, and/or phased implementations to prevent adverse effects on employment and inflation.

Second, some of the proposed regulatory controls, including prospective budgeting, will have to be phased in. A maximum

effort must be made in the first years to collect the data and develop the techniques to make these controls work. The data can be collected, but is not being collected at present. A system to collect it must be installed.

Third, while all Americans will be reached and offered insurance coverage by this prototype -- as by the "publicly guaranteed" and "public corporation" prototypes -- difficult decisions will have to be made in this plan, as in others, about the mechanism for and amount of the government share of the premium given to individuals who are ineligible for welfare -- but not regularly or fully employed, in order to enable them to afford the purchase of the required comprehensive plan.

Costs of the Private Guaranteed Plan

In concept, for reasons cited above, this approach to NHI should be less costly to the taxpayer than any equally comprehensive program on a benefit-for-benefit basis. While its costs are not shown on the tables in the lead agency memorandum, it would cost out below the costs of the "publicly guaranteed plan" and above the costs of the "targeted plan" if the same assumptions were used with regard to benefits and the government subsidy of people who are ineligible for Medicaid but of very low income.

In the inevitable distribution of the cost of health care among government taxes, employer/employee premiums, and out-of-pocket payments to health care providers, and the difficult trade-offs that go with each, this prototype would minimize government and out-of-pocket payments and place maximum burden on employer/employee premiums.

This plan would require the government to share the premium costs for those nonemployed, non-Medicaid eligibles. In addition, the plan eliminates coinsurance payments at time of treatment on the grounds that they are unfair to lower-income Americans and do not promote appropriate utilization of services — especially hospital services. These provisions would increase on-budget costs — but in no event more than \$5-10 billion above that of the publicly guaranteed plan (which includes a 25 percent coinsurance). These increases would be offset by the impact of the prospective budgeting requirements of the proposal.

THE WHITE HOUSE WASHINGTON

April 17, 1978

Stu Eizenstat

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

RE: MIDDLE EAST ARMS SALE

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE WASHINGTON

FOR STAFFING
FOR INFORMATION

FROM PRESIDENT'S OUTBOX LOG IN/TO PRESIDENT TODAY

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ADMINISTRATIVELY CONFIDENTIAL -- NOT FOR CIRCULATION

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE

WASHINGTON

April 13, 1978

No Comment

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT

SUBJECT:

Middle East Arms Sale

Max Kampelman, one of the most respected, moderate and thoughtful members of the American Jewish community and of the general Washington community, came to see me today about the Middle East arms sale. He was the guiding force behind the Jewish-business group Arab boycott compromise.

He indicated that the forthcoming dispute over the arms sale was to his mind neither good for the Administration, which hardly needed additional controversy, nor for the Jewish community, which, as he indicated, would lose no matter what the outcome.

He indicated that he had proposed an alternative solution to Senator Ribicoff (who according to Max, said that he felt that there was very little chance for the arms sale to go through in the Senate). Ribicoff has raised this compromise with Secretary Vance, prior to his leaving for Africa and the Soviet Union. I attach a memo which sets forth this compromise position. Under it, the American Jewish Congress, the American Jewish Committee and the National Community Relations Advisory Council and the Anti-Defamation League would support the entire package including the Saudi part, if the package were sent up after the conclusion of an Israeli-Egyptian peace was "at hand". I take this to mean something less than the actual conclusion of a peace treaty.

He stated that he was going to meet with Fred Dutton who represents the Saudi's interests in Washington, at least as so far as the Congress is concerned, to see if he has any idea what their reaction might be.

for preservation Purposes

I told him that I would pass this along to you. He made the point that he thought the Saudi's might be willing to go along since they would have a greater assurance of winning Congressional approval than they now do.

While I do not know whether a revision of the timetable is possible, this does present a potentially attractive compromise if the Saudi's are patient and would avoid a devisive and debilitating Congressional fight.

cc: The Vice President Hamilton Jordan Zbigniew Brzezinski

MEMORANDUM

RE: The Middle East

Objectives:

- 1. The attainment of a peace agreement between Egypt and Israel, with the diplomatic efforts of the United States Government discreetly aided by selected and private citizens and groups.
- 2. A broad Congressional and public consensus in the United States (to follow the above) in support of our Government's military commitments to Israel, Egypt and Saudi Arabia, with specific approval (perhaps with modifications) of the President's aircraft "package".
- 3. Movement toward the establishment of a Middle East "grand alliance" between Egypt, Israel, Jordan, Saudi Arabia and Iran in concert with the United States.
- 4. Greater understanding and approval by the American Jewish community and its friends of President Carter's Middle East objectives, i.e., a real peace, with security and stability for the existing nations in the area consistent with Israel's independence, integrity and sovereignty.

Immediate Problem:

- 1. The imminent submission by the President to the Congress of the Administration's aircraft "package" for Saudi Arabia, Egypt and Israel, is rapidly creating an atmosphere of confrontation, crisis and division in the country and in the Congress which is contrary to the desired objectives.
- 2. Whatever differences of opinion may otherwise exist among American Jews and their supporters about the Israel Government's negotiating posture are being overshadowed, as a coalescence of forces takes place against the Saudi Arabia portion of the aircraft "package" at this time before there is peace.
- 3. The apparently inevitable political conflict that is developing will be damaging to our country, to the President and to the American Jewish community no matter what the Congressional vote may be on the President's plan. It is a "no win" situation for all parties.

- (a) A defeat for the Administration, which is not unlikely, will be devastatingly damaging not only to the President and his prestige, but to the country as well in our dealings with Saudi Arabia and with other nations in the world.
- (b) Support for the plan by the Congress can only come after an intense and bitter debate which may permanently impair relationships between President Carter and supporters of Israel and may well create divisions and resentments in this country and in the Congress which will potentially damage the President.
- (c) A defeat of the plan in the Congress will be characterized as a victory for the "powerful Jewish lobby" which cannot be helpful to the American Jewish community, and risks a permanent rift with President Carter, who will, in any event, be in office for at least two and a half more years.
- (d) A defeat for the "Jewish lobby" in the Congress could serve to damage the future political effectiveness of the American Jewish community. More significant, however, whatever the vote, a bitter political debate and controversy will subtly raise questions of "dual loyalty" which will stimulate whatever antisemitic forces may exist in the country.

Solution:

The primary emphasis now must lie in a mobilization toward peace between Israel and Egypt and that the aircraft "package" should be temporarily set aside for a period of months to help achieve that objective. A statement to that effect, particularly if it could be accompanied by a reopening of the direct political and military negotiations between Egypt and Israel, could be couched as a "victory" and an act of statesmanship by the President. In return, he must be assured that upon movement toward real peace between Israel and Egypt, there will be broad Congressional and national support, including among the strongest supporters of Israel, for his aircraft "package" proposal.

Program:

1. The Administration announces that it is not now submitting the aircraft "package" to the Congress because of encouraging signs that progress toward a peace in the Middle East is realizable in the near future and that the effort toward peace should not be diverted.

- 2. The Administration presses Egypt and Israel toward a bilateral peace agreement based on U.N. Security Resolution 242, with accompanying language anticipating further bilateral direct negotiations between Israel and Jordan aiming toward the resolution of the West Bank problem under the principles of 242 and in a manner not inconsistent with it.
- 3. Key elements of the American Jewish Community and other supporters of Israel, Egypt and Saudi Arabia are enlisted to use their best efforts to encourage the attainment of that peace agreement between Egypt and Israel.
- 4. Key leaders of the American Jewish community and Congressional opponents of the Saudi Arabian program agree to support the Administration's aircraft "package" once peace between Egypt and Israel is at hand.

Resources:

- 1. The Jewish organizations (the Anti-Defamation League, the American Jewish Congress, the American Jewish Committee and the National Community Relations Advisory Council) that worked to achieve a compromise solution to the Arab boycott legislative impasse, will be enlisted through their representatives to participate in this joint effort.
- 2. The business community in the United States, (including representatives of the Business Roundtable who worked with the Jewish community in the Saudi Arabia boycott compromise effort) which desires to do business and normalize relationships in the Middle East without political controversy, will similarly be enlisted.
- 3. Political supporters in the United States of Saudi Arabia and Egypt will be urged to cooperate in this effort in order to achieve a broad acceptance of their views within the Congress and the country. A developing national consensus that recognizes a harmony of political and military interests between the United States and Saudi Arabia and a consensus and support of economic and military aid to Egypt, can be of immense significance to the future of these two countries and their supporters in the United States.

THE WHITE HOUSE WASHINGTON

April 17, 1978

The Vice President

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutchsson

cc: Jim McIntyre

RE:

INCLUDING HEAD START IN DEPT. OF EDUCATION

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE WASHINGTON

FOR STAFFING FOR INFORMATION

FROM PRESIDENT'S OUTBOX LOG IN/TO PRESIDENT TODAY

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THE PRESIDENT HAS SEEN. EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 14, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM:

Jim McIntyre

SUBJECT:

Including Head Start in the Department of

Education

I recommend that you call Marian Edelman, Executive Director of the Children's Defense Fund, and Coretta King today to discuss the inclusion of Head Start in the Department of Education. The decision to include Head Start in the Department of Education will be controversial among the Head Start constituency and the civil rights community. This opposition might be diffused by these calls.

Ms. Edelman has said that the inclusion of Head Start in a department dominated by traditional education interests would be a <u>betrayal</u> of its roots in the antipoverty and civil rights movement (at a time when schools, particularly in the South were seen as the problem). Coretta King, Vernon Jordan, and Jessie Jackson recently sent us a telegram (attached) expressing the same opposition.

Your call to Marian Edelman and Coretta King could include these points:

- Your position in favor of a comprehensive Department of Education that is not dominated by school teachers and administrators.
- . Your willingness to work with them to develop the assurances necessary to preserve the unique character of Head Start, specifically:
 - Its pluralistic delivery system (30 percent public schools, 70 percent community based or organizations).

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- The provision of comprehensive services including not only education but also social health and nutrition services.
- The assurance of building in specific "safeguards" was discussed in the testimony I gave to the Ribicoff committee this morning including:
 - Giving early childhood programs high organizational status within the department, reporting directly to the Secretary of Education.
 - Ensuring that no consolidation of the program with other education programs is contemplated.
 - Retaining the possibility of awarding grants to a range of community organizations other than schools.

Stu concurs in this recommendation.

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PMS MS PATRICIA GWALTNEY DEPTUTY ASSOCIATE DIRECTOR

REPORT DLY BY MAILGRAM

PRESIDENTS REORGANIZATIONPROJECTS

NEW ECECUTIVE OFFICE BLDG ROOM 2306

VASHINGTON DC 20503

Human Resources, P.L.

MAR 23 1978

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WE STRONGLY URGE YOU TO REJECT THE INCLUSION OF HEADSTARK THE CURRENT REORGANIZATION PROPOSAL FOR A SEPARATE DEPARTMENT OF EDUCATION AND IN THE ADMINISTRATION'S TESTIMONY BEFORE THE RIBICOFF COMMITTEE. AS LEADERS OF ORGANIZATIONS COMMITED TO EQUAL OPPORTUNITY AND RACIAL JUSTICE WE KNOW WHAT HEADSTART HAS MEANT TO POOR BLACK COMMUNITIES THROUGHOUT THE COUNTRY. THE UNIQUE INVOLVEMENT OF PARENTS THE BROAD ATTENTION TO

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HEALTH NUTRITION AND MENTAL HEALTH NEEDS HAVE MADE IT NOT ONLY AN EDUCATION SUCCESS BUT A MODEL FOR COMPRESHENSIVE FAMILY-CENTERED PROGRAMS. OVER THE LAST DECADE WE HAVE SUCCESSFULLY DEFENDED HEADSTART'S INDEPENDENCE AGAINST SEGREGATIONISTS IN THE SOUTH AND THE MACHINATIONS OF ITS BUREAUCRATIC FOES IN WASHINGTON. ITS UNIQUE QUALITIES WILL NOT BE PRESERVED IN THE PROPOSED DEPARTMENT OF EDUCATION INEVITABLY DOMINATED BY NARROW ESTABLISHED INTERESTS. NO MEANINGFUL ASSURANCES CAN BE GIVEN TO PREVENT THE GRADUAL DESTRUCTION OF THE PROGRAM UNDER THIS PROPOSAL. TO THREATEN THE INTEGRITY OF HEADSTART AT THIS TIME COULD ONLY BE VIEWED AS A BETRAYAL BY MAN OF THE POOR WHO HAVE FOUND HOPE IN ITS REALITY AND FAITH IN THE PROMISE OF THIS ADMINISTRATION

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BERKELEY G. BURRELL PRESIDENT NATIONAL BUSINESS LEAGUE

JULIUS L. CHAMBERS PRESIDENT LEGAL DEFENSE & EDUCATIONAL FUND

RICHARD G. HATCHER MAYOR GARY INDIANA

DOROTHY MEIGHT PRESIDENT NATIONAL COUNCIL OF NEGRO WOMEN

M. CARL HOLMAN PRESIDENT NATIONAL URBAN COALITION

JESSE JACKSON PRESIDENT PUSH

VERNON E JORDAN JR PRESIDENT NATIONAL URBAN LEAGUE

CORETTA SCOTT KING PRESIDENT MARTIN LUTHER KING CENTER FOR

SOCIAL CHANGE

JOSEPH E LOWERY PRESIDENT SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE

BAYARD RUSTIN PRESIDENT A. PHILIP RANDOLPH INSTITUTE

EDDIE N. WILLIAMS PRESIDENT JOINT CENTER FOR POLITICAL STUDIES

ELTON JOLLY EXECUTIVE DIRECTOR OIC

(NATIONAL URGAN LEAGUE 500 EAST 62 ST NEWYORK NY 10021)

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